## CITY OF ALAMO HEIGHTS CITY COUNCIL June 30, 2009

A special meeting/work session of the City Council of the City of Alamo Heights, Texas was held at the Council Chambers, 6120 Broadway, at 8:30 a.m. on Tuesday, June 30, 2009.

Present and composing a quorum were:

Mayor Louis Cooper

Mayor Pro-Tempore Bill Kiel

Councilman Stan McCormick

Councilman Bobby Rosenthal

Councilwoman Jill Souter

Councilwoman Susan Harwell

Also attending were:

City Manager Rebecca Waldman

Assistant City Manager/Public Works Director Shawn P. Eddy

Assistant to City Manager/Information Technology Manager Marian Ramirez

Finance Director Cynthia Barr

Community Development Director Ann McGlone

Human Resource Manager/Deputy City Secretary Judith E. Surratt

City Secretary Jennifer Reyna

Fire Chief Bill Hagendorf

Assistant Fire Chief Buddy Kuhn

Police Chief Rick Pruitt

Absent was:

City Attorney Mike Brenan

Mayor Louis Cooper opened the meeting at 8:42 a.m.

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Mayor Cooper thanked Mayor Pro Tem Bill Kiel, Councilwoman Jill Souter and staff for their dedication in preparation of the proposed operating budget.

Assistant City Manager/Public Works Director Shawn P. Eddy presented a PowerPoint presentation which summarized the FY 2009-10 proposed operating budget. Mr. Eddy stated there was coordination with the City Manager, Executive Staff, and the Accountability and Management Committee; committee members include Mayor Pro Tem Kiel and Councilwoman Souter. Mr. Eddy reviewed the mission statement, core values and goals. Mr. Eddy explained the proposed budget document will be arranged into the following six sections: 1) General

Information 2) Budget Summary, 3) Revenues, 4) Fund Statements, 5) City Departments and 6) Appendix.

Mr. Eddy presented the budget summary which included proposed budget appropriations, revenues, recurring improvements, one-time improvements and reductions/redirections. Mr. Eddy presented charts on the proposed General Fund departmental allocations and revenues. Mr. Eddy provided a summary of the proposed budget for the General Fund displaying totals for revenues, other funding sources, departmental allocations and transfers. Mr. Eddy reminded City Council that the Actual FY 2007-2008 Operating Budget was an operating budget for an 18-month period. Mr. Eddy noted that property tax revenues comprise the majority of the resources for the General Fund. The proposed total property tax rate is proposed to remain at \$0.355662. As of 2008, the City of Alamo Heights has the lowest property tax rate compared to those of surrounding cities.

Mr. Eddy reviewed the fund schedules. Mr. Eddy provided a summary of the proposed budget for the General Fund showing totals for revenues, other funding sources, departmental allocations and transfers. The General Fund contributed three money transfers to the Street Maintenance, Capital Replacement and the Comprehensive Plan Funds. The Utility Fund is a self-sufficient enterprise fund established to account for all of the revenues and expenditures associated with the operations and maintenance of the City's water distribution and sanitary sewer systems. The Utility Fund has steady revenues and expenditures. The Debt Service Fund is funded through the Interest and Sinking (I & S) property tax rate and debt service payments are fixed. The Capital Projects Fund was established in FY 2008-09 to account for capital projects constructed with the proceeds of long-term debt paid by ad valorem taxes. Approved in November 2008, the Street Maintenance Fund is the collection of the street maintenance sales tax which began in April 2009. Appropriations are funded through a transfer from the general fund and a 1/4 sales tax approved for a 4-year period. This fund was created to include appropriations for street improvement projects. The Capital Replacement Fund provides for the purchase of substantial equipment and vehicles. The Comprehensive Plan Fund is a special revenue fund established in FY 2009-10 to account for all of the revenues and expenditures associated with the implementation of the Comprehensive Plan which was adopted by the City Council on May 26, 2009. The Comprehensive Plan is the collective vision for the future of the Alamo Heights community. The purpose of the plan is to give guidance and direction to the City Council and staff on the physical development within the city limits. The Comprehensive Plan Future funding for projects outlined in the Comprehensive Plan will be presented to City Council when seeking appropriation of funds.

In relation to the Texas Municipal Retirement System (TMRS), cities in Texas have experienced increases due to actuarial assumption changes. The City of Alamo Heights would like to contribute the full rate, of 17.66% of salaries to avoid potential actuarial losses which would likely adversely affect future TMRS rates.

Mr. Eddy presented one-time costs to provide for the distribution of performance pay in the form of a one-time stipend to employees. The proposed amount is equivalent to 2% of employee wages and benefits in FY 2009-10 proposed budget. There was discussion among the

Council Members about the performance pay program and allowing the program to reward high performance staff, excluding executives.

Mr. Eddy summarized the Capital Budget. The City has utilized the 2007 Certificates of Obligation to undertake a number of public infrastructure projects across the city. Mr. Eddy briefed City Council on the completed and ongoing Capital Improvement Program projects. Mr. Eddy summarized proposed departmental program changes.

The organizational chart, mission statement, program information, goals and objectives, action steps and summarized performance measures, were reviewed by the respective department directors. Department directors also reviewed departmental charts that contained information on personal services, commodities, contractual services, capital outlay that provided the total expenditures and authorized positions for each department. The chart also displayed the number of staff and full-time equivalents.

Finance Director Cynthia Barr projected revenue for the Administration and Finance Department including an increase in municipal court fines. Proposed improvements for the Administration and Finance Department include funding of Annual Employee Recognition and Holiday Banquet.

For the Department of Community Development, Ms. McGlone noted out that the proposed contractual services' amount is lower than last year's due to completion of the Comprehensive Plan and the tree canopy preservation program.

Fire Chief Bill Hagendorf presented a reduction in the Fire Department budget due to the funding of future public outreach programs through the Community Benefit Fund. The Community Benefit Fund is funded by local chapters of Rotary, Chamber of Commerce and other local organizations.

Police Chief Rick Pruitt presented the proposed improvements in the Police department which include capital police equipment. Proposed reductions are a temporary postponement of hiring a Police Officer and reclassification of an Animal Care Services Representative in the Police Department. In addition, the existing Community Resource Officer (CRO) will be reassigned to the Patrol Division to augment the patrol function during peak service times. Mayor Pro Tem Kiel commented on the importance of funding both new police officer positions added in the current budget year. Hiring an officer to fill one position currently vacant is proposed to be postponed in the FY2010 budget. Chief Pruitt stated that Officer Acuna's position will be filled this week leaving two positions still vacant. There was discussion among the Council Members and agreement that a fully staffed Police department is vital to enhance the safety of the community.

Assistant City Manager/Public Works Director Shawn P. Eddy presented the proposed improvements in the Public Works and Utilities Departments which includes replacement of all traffic signals with energy-efficient LED. Mr. Eddy presented the reduction in the Public Works Department which is the temporary postponement of hiring an Equipment Operator. Mr. Eddy presented the proposed new revenues in the Utilities Department which are as follows: 1)

Increase of commercial water rates, and 2) Increase of sanitary sewer rates. The 2009 TML Water and Wastewater Survey still places Alamo Heights' water rates in the lowest 5% of 659 responding Texas cities that provide water services.

Councilman Stan McCormick suggested informing the citizens in the city's newsletter about the City of Alamo Heights' low tax rate compared to surrounding small cities. In addition, it was suggested that citizens be informed of the proposed commercial water and sanitary sewer rates as well as the savings in water rates as compared to those of the San Antonio Water System (SAWS). Councilwoman Souter asked Mr. Eddy to prepare an informational chart that displays the old formula and the proposed formula used to calculate the sewage rate to be included in the utility bills.

Councilman Bobby Rosenthal suggested placing the proposed speed limits on the November 2009 election ballot. There was an agreement between Councilmembers to explore options at the committee level, Infrastructure and Services Committee.

Lucien Boldoc, 201 Primrose Place, recommended City Council eliminate the 6<sup>th</sup> digit on property tax rates.

Mr. Eddy explained the total proposed expenditures and the total projected FY 2009-10 revenues. There was City Council discussion with staff concerning the proposed budget.

Mr. Eddy reviewed the timeline for the remainder of the budget process. Mr. Eddy stated staff will be finalizing the proposed budget for the next City Council meeting on August 10, 2009. The first public hearing on the FY 2010 proposed ad valorem tax rate is scheduled on August 24, 2009. The public hearing for the FY 2010 proposed budget and the second public hearing on the FY 2010 proposed ad valorem tax rate is scheduled on September 14, 2009. City Council consideration of the FY 2010 proposed budget and the ad valorem tax rate is on September 28, 2009.

City Manager Rebecca Waldman thanked staff for their input and hard work in providing the performance measures and departmental goals and objectives. Ms. Waldman thanked Mayor Pro Tem Kiel and Councilwoman Souter, who serve on the Accountability and Management Committee, for their assistance and direction in the budget process.

A copy of the FY 2009-10 Proposed Operating Budget presentation is made part of the official papers of this meeting.

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There being no further questions or discussion, Mayor Cooper adjourned the meeting/work session at 1:10 p.m.

City Secretary

Louis Cooper

Mayor

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